

# **PARS: County of Contra Costa**

**Third Quarter 2011**

**Presented by  
Andrew Brown, CFA**

## DISCUSSION HIGHLIGHTS

- The third quarter of 2011 was a difficult quarter for our equity investments as all equity markets that impact the Plan were down significantly. The Russell 1000 Index was off -14.7%, the Russell 2000 Index was down -21.8%, the Russell Mid-Cap Index declined -18.9%, the MSCI-EAFE declined -19.0%, the MSCI-ACWI was off -17.4%, and the Dow Jones Wilshire REIT Index was down -14.6%. Fixed income was the only asset class to post gains during the quarter with the Barclays Aggregate Index up +3.83%. The Plan returned -9.21% net of fees for the quarter, which underperformed the blended benchmark target of -8.26%. Throughout the quarter, we maintained roughly a 4% overweight to equities. Thus in a quarter where all equity benchmarks registered double digit declines, this attribute was the most significant in regards to explaining the underperformance. A further disappointment came from our fixed income investments where both a heavy exposure to corporate credits, combined with an underweight to treasuries, failed to provide a cushion to the Plan in the third quarter.
- Global markets faced a variety of risks during the third quarter. The European debt crisis represented the most immediate risk, but it is not the only one. The United States' debt/deficit issues and political intransigence, the turmoil in the Middle East, and the ongoing struggles of Japan are all challenges to our economy. Furthermore, during the quarter challenges emerged to the emerging market growth story with news of a potential slowing in China. The global recovery is very dependent on the continued strong growth of emerging markets, particularly China. However, the problems that have plagued the developed world, and the policies that have been employed to deal with those problems have put China in the very difficult position of having to sustain a high level of growth while controlling inflation. Thus far, the response to these threats has come primarily from the U.S. in the form of extraordinary monetary policy, large but unfocused fiscal policy, and recapitalization of the financial system (publicly and privately funded). Europe has been attempting to deal with its crisis through bail-outs for the most troubled countries (Ireland, Portugal, Greece) and central bank support of the debt of "at-risk" countries (Spain, Italy). However, the nature of the European Monetary Union and the differing circumstances of its individual member countries make a larger scale, more coordinated effort difficult.
- While the risks highlighted above are challenging, we do see opportunities present from a stock market that we believe is cheap on a valuation basis. Additionally, positive surprises could emanate from corporate earnings, which continue to impress. As well, the Congressional Budget Panel charged with providing recommendations on reducing the U.S. budget deficit, may surprise with significant recommendations that might put us on a more fiscally sound track. Finally, the economic data that has been released over the last few weeks of the quarter, as well as the first few weeks of October, has been surprisingly encouraging. Statistics such as vehicle sales, chain-store sales, manufacturing PMI, and employment statistics have all been encouraging. If these positive data points can continue to emerge, then perhaps investors/consumers/business leaders will regain a higher level of confidence and given that expectations are fairly low, it might not take much to turn the tide.

## DISCUSSION HIGHLIGHTS

- Domestic equities. When the Russell 1000 declines by -14.6% during the quarter, and that is the best performing equity benchmark in the Plan, it is a tough quarter. Domestic large cap stocks were impacted by the previously highlighted concerns over Europe, along with disappointment with the ongoing stalemate in Washington over debt reduction. These two events had a dampening effect on consumer confidence. And given that consumer confidence is shaky to begin with, given the current unemployment statistics, the sell off in stocks is understandable. Given the fear in the market, only one sector was up during the quarter, Utilities (+1.5%). The other nine sectors were down significantly: Materials (-24.5%), Financials (-22.8%), Industrials (-21.1%), Energy (-20.5%), Consumer Discretionary (-13%), Health Care (-10%), Telecommunications (-8%), Information Technology (-7.7%) and Consumer Staples (-4.2). Fear normally drives investors into safe-haven investments, and to some extent, this quarter's rise in treasuries did reflect such behavior. However, while gold was up +7.9% for the quarter, it declined -11.4% in the month of September as investors became worried about economic growth, and less worried about inflation. Additionally, gold was reportedly sold by hedge funds to raise money for potential redemptions.
- Our two large cap growth funds, the Harbor Capital Appreciation Fund (-13.4%) and the T. Rowe Price Growth Fund (-14.5%) outperformed the primary benchmark, the Russell 1000 this quarter. The primary reason was both funds maintained over a 30% allocation to technology shares. Both funds maintained positions in technology issues such as Apple (+13.6%), Amazon (+5.7%) and Google (+1.7%) in their top ten holdings, and in a miserable quarter like the third quarter, this represented strong performance. An additional benefit for both growth funds is they maintained modest positions in the financial sector. Banks, brokerage firms, and insurers all were punished throughout the quarter, and as previously mentioned, the financial sector was down -22.8%. The opposite dynamic held for our two large cap value fund holdings. Both the T. Rowe Price Equity Income Fund (-15.3%), with 20% exposure to the financial sector, and the Loomis Sayles Value Fund (-18.3%) which had 21% exposure in financials - struggled. While obviously each fund had other issues during the quarter, the large exposure to financial stocks was the single most pressing negative issue on performance.
- The managers of the large cap core portfolio, are maintaining a cautious outlook for the economy and equity markets. Given their views, they undertook an increasingly defensive position towards the end of the third quarter. They reduced weights in more cyclical sectors such as industrials, energy, consumer discretionary, technology and financials and increased their holdings in the more defensive telecommunications sector. It is their belief that the current turmoil and uncertainty will lead to an excellent opportunity to buy great companies at compelling valuations. The portfolio returned -14.2% for the third quarter, slightly ahead of the Russell 1000 return of -14.7%. The strategy benefited from being overweight in the defensive consumer staples sector and underweight in the financial sector. Also helping performance was strong stock performance in the materials, industrials, and consumer staples sectors. Offsetting those benefits was the negative impact of being overweight in the more cyclical materials and industrials sectors as well as weaker stock performance in the consumer discretionary, healthcare, and technology sectors. The largest individual stock contributors to performance for the quarter were Apple (+13.6%, 5.23% of portfolio), WW Grainger (+12.8%, 1.28% of portfolio), Diamond Foods (+19.4%, .93% of portfolio), ITC Holdings (8.4%, .98% of portfolio) and Altria Group (+3.1%, 1.72% of portfolio). The biggest individual detractors were Danaher (-20.8%, 3.58% of portfolio), Occidental Petroleum (-30.9%, 2.57% of portfolio), JP Morgan Chase (-25.99%, 2.66% of portfolio), EMC (-23.8%, 2.41% of portfolio) and Oracle (-12.5%, 1.12% of portfolio).
- While on an absolute basis, the HighMark Geneva Mid-Cap Growth Fund's return of -15.18% is difficult to get excited about, however this return did place it in the 8th percentile of mid-cap growth funds in the Morningstar Mid-Cap Growth universe. The TIAA-CREF Mid-Cap Value Fund returned -19.2%, and ranked in the 38th percentile of Morningstar's Mid-Cap Value Universe. On a combined basis, our mid-cap funds returned -17.6%, which bested the Russell Mid-Cap Index benchmark return of -18.9%.

## DISCUSSION HIGHLIGHTS

- For the second quarter in a row, small cap stocks underperformed large cap stocks. Our small cap stocks outperformed the Russell 2000 Index benchmark return for the quarter, posting a -20.7% return, vs. the benchmark return of -21.8%. As in the mid-cap sector, it is difficult to brag about a fund that returned -16.5%, but the T. Rowe Price New Horizon's Fund return of -16.5% registered a ranking in the 3rd percentile for small cap growth funds. The Columbia Small Cap Value Fund did not fare as well, returning -23.2% for the quarter.
- REITs did not escape the sell-off during the quarter. The DJ Wilshire REIT Index was down -14.6% during the quarter. Within REITs, the more economically sensitive sectors fared the poorest during the third quarter with Office (-17.8%), Industrial (-24.8%), Hotels (-30.3%), and Commercial Mortgage (-18.7%) leading the decline. The sectors that fared better included Specialty Housing (+5.5%), Manufactured Homes (+0.7%), Factory Outlets (+1.9%), and Storage (-0.8%). According to Real Capital Analytics (RCA), U.S. commercial real estate transactions totaled \$12.5 billion during the month of August, up 19% year-over-year but down 6% sequentially. Pricing continues to hold firm across most property types. Our REIT Fund, the Nuveen Real Estate Securities Fund returned -14.8%, which placed it in the 42nd percentile of REIT funds within the Morningstar Real Estate Universe.
- International markets suffered steep declines in the third quarter. The MSCI-EAFE was off -19% as investors displayed at times, panic-like behavior. This behavior mainly stemmed from fears that both the European crisis will worsen, and a secondary fear related to concerns that China and other emerging market nations growth rates will falter. For emerging market investors, the MSCI-Emerging Market Index was down -23% during the quarter, with China (-25.2%), India (-19.9%), Korea (-23.3%), Brazil (-27%), and Russia (-31%) the leading decliners. On the European-front, Germany (-31%), France (-29.9%), Greece (-46.6%), and Italy (-31.2%) were leading decliners for the quarter. Our combined developed and emerging market international equity exposure is 4% underweighted to the Plan benchmark of 10%. Despite this underweight allocation, our international equity funds were a strong negative contributor to performance. All three "developed" international equity funds underperformed the MSCI-EAFE Index during the quarter. The common denominator with all three funds is that they hold some allocations to emerging markets, and this component detracted from performance. Despite the concerns over emerging markets, we do have a slight tilt towards emerging markets. While we recognize that a slowdown in developed global markets will have some type of trickle-down impact on emerging markets, long-term, emerging markets offer some of the most attractive growth rates, strong sovereign balance sheets, coupled with quite reasonable valuations. As we believe investing should be measured by longer periods than three months, we plan on maintaining our current tilt towards emerging market investing.
- Within global equities, the Templeton Global Opportunities Fund returned -20.13%, underperforming the MSCI-ACWI Index (-17.42%). The "positives" for this fund during the quarter included an overweight allocation in consumer discretionary, particularly in the automobile industry. As well, a low allocation to financials, and stock selection in technology also contributed to performance. What led however to the underperformance, was poor stock selection in energy, and specifically within the oil, gas, and consumable fuels industry. Utilities and healthcare also detracted from performance. Given the macroeconomic and geopolitical events during the period, the fund's European positions were a large relative laggard. That said, the managers report that given the sell-off in Europe, they are inclined to view Europe as a fertile ground for bargain hunting as the managers see compelling values emerging among globally-diversified and fundamentally strong firms in this region.

## DISCUSSION HIGHLIGHTS

- The Barclays Aggregate Index gained 3.83% in the third quarter, as investment-grade corporate bonds, agency mortgage-backed securities, and U.S. Treasuries all posted positive returns. The quarter was characterized by significant credit market volatility, while Treasury securities rallied to post the biggest three month advance since the 2008 financial crisis. The debt ceiling debate, subsequent downgrade of the U.S. Government's credit rating by Standard & Poor's, and the continuation of the European sovereign debt crisis resulted in a flight to quality this quarter, causing all risk assets to underperform U.S. Treasuries. The European sovereign debt crisis and Federal Reserve actions led to a 6.5% gain for the U.S. Treasury Index this quarter, as ten-year yields declined -124 basis points and thirty-year bond yields fell -146 basis points. Investment-grade corporate bonds failed to keep pace, as spreads widened during the quarter, resulting in a gain of 2.9%, but underperforming Treasuries by -492 basis points. This was the worst relative performance for high-grade corporate bonds since the fourth quarter of 2008.
- While our core fixed income holdings performed well, our two other bond funds underperformed the Barclays Aggregate Index for the third quarter. The Pimco Total Return Bond Fund had a miserable quarter, posting a -1.06% return. The main factors behind the underperformance was an underweight to U.S. Treasuries, a "shorter-than-benchmark" duration positioning, and finally the Fund maintained roughly a 13% allocation to emerging market debt. As concerns swept the globe, emerging market spreads widened. The fund ranked in the 91st percentile of intermediate-term bond managers as ranked by Morningstar. This fund, led by well-known bond investor Bill Gross, had such a bad quarter that the manager published a public 'mea-culpa' regarding the funds' performance.
- High yield sold off in the face of market fears. The Merrill Lynch U.S. High Yield BB-B Index returned a -4.36%. The Pimco High Yield Fund returned -6.2% for the quarter. On a relative basis, this performance placed the fund in the 40th percentile of Morningstar's High Yield Bond Universe.
- As we enter the fourth quarter, investment-grade corporate bond spreads are at the same levels they were in 2002, which, with the exception of the 2008-09 financial crisis, are the widest levels of the past fifteen years. However, spreads reached extraordinarily wide levels in 2008 as a result of leverage and the necessity of unwinding that leverage in a declining market, resulting in trades being executed at almost any price in an effort to raise cash. Much of that leverage has been purged from the system which leads us to believe that spreads should not reach those same crisis-induced levels again. Corporate bonds, therefore, appear to be attractively valued, and the current line-up of funds in the portfolio remain overweight to corporate bonds, and underweight Treasuries. It is our expectation that performance for our bond funds will turn around in the fourth quarter.

# INVESTMENT STRATEGY AS OF September 30, 2011

## Tactical Asset Allocation

<u>Asset Class</u>	<u>% Portfolio Weighting</u>			<u>Rationale</u>
	Target	Current Portfolio	Over/Under Weighting	
<b>Cash</b>	1%	3%	2%	
<b>Fixed Income</b>	45%	43%	(2%)	<ul style="list-style-type: none"> <li>We are underweight bonds. Fixed income looks overvalued, with potential returns for intermediate-term bonds at 2-3% over the next five years. If inflation readings continue to accelerate, this could also put pressure on bonds.</li> </ul>
<b>High Yield</b>	0%	3%	3%	<ul style="list-style-type: none"> <li>We maintain our 3% allocation to high yield. With spreads widening during the quarter, high yield looks more attractive. Expectations are that default rates will not increase at a significant pace.</li> </ul>
<b>Real Estate (REITS)</b>	4%	5%	1%	<ul style="list-style-type: none"> <li>Interest rates are low, cash flows are improving, and demand is supporting the market. Valuations look more attractive after the third quarter sell-off.</li> </ul>

## Tactical Asset Allocation

<u>Asset Class</u>	<u>% Portfolio Weighting</u>			<u>Rationale</u>
	Target	Current Portfolio	Over/Under Weighting	
<b>Global Equity</b>	8%	7.5%	(0.5%)	<ul style="list-style-type: none"> <li>We are maintaining a slight underweight. Our concerns are the same here as they are with international equities – debt issues within Europe, a potential slowdown in Brazil and China, and a potential recession in Europe.</li> </ul>
<b>International (Developed)</b>	10%	6%	(4%)	<ul style="list-style-type: none"> <li>We increased our underweight to international equity. Concerns over European sovereign debt and European banks lead us to believe the region is likely headed for a recession. Additionally, the potential of a slowdown in China/Asia is also leading us to be more cautious on international equities.</li> </ul>
<b>International (Emerging)</b>	0%	2%	2%	<ul style="list-style-type: none"> <li>Emerging market equity valuations have improved between rising earnings and recent underperformance. Our inclination is to raise our allocation here.</li> </ul>
<b>Total Domestic Equity</b>	32%	35.5%	3.5%	
<b>Large Cap</b>	18%	22%	4%	<ul style="list-style-type: none"> <li>We are maintaining a 4% overweight to large cap equities. Valuations are attractive with a forward PE ratio of between 10-12X. The S&amp;P500 dividend yield is greater than the 10-Year treasury yield.</li> </ul>
<b>Mid Cap</b>	6%	7%	1%	<ul style="list-style-type: none"> <li>We maintain a modest overweight with mid-caps as we see growth rates attractive, and valuations reasonable for this asset class.</li> </ul>

## Tactical Asset Allocation

<u>Asset Class</u>	<u>% Portfolio Weighting</u>			<u>Rationale</u>
	Target	Current Portfolio	Over/Under Weighting	
<b>Small Cap</b>	8%	7%	(1%)	<ul style="list-style-type: none"><li>▪ We look to maintain a slight underweight of 1% to small cap equities. Valuations are expensive relative to large cap, although PE ratios have come down to 15X earnings.</li></ul>



## Investment Summary

### Investment Summary Period Ending September 30, 2011

Investment Summary		Third Quarter
<b>Beginning Value</b>	\$	<b>62,317,231.58</b>
Net Contributions/Withdrawals		-24,704.71
Fees Deducted		-23,943.27
Income Received		312,254.61
Market Appreciation		-6,044,787.85
Net Change in Accrued Income		16,012.08
<b>Ending Market Value</b>	\$	<b>56,552,062.44</b>

# ASSET ALLOCATION

Asset Allocation	6/30/2011 Market Value	6/30/2011 % of Total	9/30/2011 Market Value	9/30/2011 % of Total	Target Allocation
<b>Domestic Equity</b>					
Large Cap Core Holdings	\$ 6,271,790	10.1%	\$ 6,813,389	12.1%	-
T. Rowe Price Equity Income Fund	2,488,235	4.0%	2,106,613	3.7%	-
Loomis Sayles Value Fund	781,772	1.3%	1,238,718	2.2%	-
Harbor Capital Appreciation Instl	1,138,415	1.8%	1,068,504	1.9%	-
T. Rowe Price Growth Stock Fund	1,130,186	1.8%	1,048,442	1.9%	-
TIAA-CREF Mid-Cap Value Instl	2,452,191	3.9%	2,239,320	4.0%	-
HighMark Geneva Mid Cap Growth Fund	1,800,084	2.9%	1,694,691	3.0%	-
Columbia Small Cap Value Fund II	2,457,719	4.0%	2,206,501	3.9%	-
T. Rowe Price New Horizons Fund	1,929,657	3.1%	1,702,432	3.0%	-
<b>Total Domestic Equity</b>	<b>\$ 20,450,048</b>	<b>32.9%</b>	<b>\$ 20,118,610</b>	<b>35.7%</b>	<b>32.0%</b>
				<i>Range</i>	<i>21-57%</i>
<b>International</b>					
HighMark International Opportunity Fund	852,154	1.4%	739,680	1.3%	-
Dodge & Cox International Stock Fund	857,112	1.4%	755,261	1.3%	-
MFS International Growth Fund	850,309	1.4%	769,652	1.4%	-
RS Emerging Markets Y	1,531,402	2.5%	1,160,529	2.1%	-
<b>Total International</b>	<b>\$ 4,090,977</b>	<b>6.6%</b>	<b>\$ 3,425,123</b>	<b>6.1%</b>	<b>10.0%</b>
				<i>Range</i>	<i>4-19%</i>
<b>Global</b>					
Templeton Global Opportunities A LW	3,455,269	5.6%	4,115,514	7.3%	-
<b>Total Real Estate</b>	<b>\$ 3,455,269</b>	<b>5.6%</b>	<b>\$ 4,115,514</b>	<b>7.3%</b>	<b>8.0%</b>
				<i>Range</i>	<i>4-12%</i>
<b>Real Estate</b>					
Nuveen Real Estate Secs I Fund	2,579,657	4.1%	2,771,042	4.9%	-
<b>Total Real Estate</b>	<b>\$ 2,579,657</b>	<b>4.1%</b>	<b>\$ 2,771,042</b>	<b>4.9%</b>	<b>4.0%</b>
				<i>Range</i>	<i>0-8%</i>
<b>Fixed Income</b>					
Core Fixed Income Holdings	\$ 14,961,474	24.1%	\$ 17,596,198	31.2%	-
PIMCO Total Return Instl Fund	4,517,142	7.3%	4,982,282	8.8%	-
PIMCO High Yield Instl	1,117,014	1.8%	1,760,006	3.1%	-
<b>Total Fixed Income</b>	<b>\$ 20,595,629</b>	<b>33.1%</b>	<b>\$ 24,338,487</b>	<b>43.2%</b>	<b>45.0%</b>
				<i>Range</i>	<i>35-67%</i>
<b>Cash</b>					
HighMark Diversified MM Fund	\$ 10,997,465	17.7%	\$ 1,586,299	2.8%	-
<b>Total Cash</b>	<b>\$ 10,997,465</b>	<b>17.7%</b>	<b>\$ 1,586,299</b>	<b>2.8%</b>	<b>1.0%</b>
				<i>Range</i>	<i>0-5%</i>
<b>TOTAL</b>	<b>\$ 62,169,045</b>	<b>100.0%</b>	<b>\$ 56,355,075</b>	<b>100.0%</b>	<b>100.0%</b>

# INVESTMENT RETURNS: Equities and Fixed Income

As of Third Quarter 2011

Investment Returns: Equities and Fixed Income	3 Months	Inception 8 Months*
Cash Equivalents	.01	.02
<i>iMoneyNet Taxable</i>	.00	.00
Fixed Holdings	3.32	6.74
<i>Barclays Aggregate Bond Index</i>	3.83	6.54
Equity Holdings		
Domestic Common Stocks	-14.24	-15.42
<i>Russell 1000 Index</i>	-14.68	-11.37
Large Cap Holdings	-15.43	-15.84
<i>Russell 1000 Index</i>	-14.68	-11.37
Mid Cap Holdings	-17.52	-14.74
<i>Russell Mid Cap Index</i>	-18.90	-14.18
Small Cap Holdings	-20.34	-17.34
<i>Russell 2000 Index</i>	-21.86	-16.80
International Holdings	-21.19	-19.11
<i>MSCI EAFE Index (Net)</i>	-19.01	-16.93
Global Equity Holdings	-20.31	-18.51
<i>MSCI AC World Index (Net)</i>	-17.42	-14.89
Real Estate Holdings	-14.83	-10.78
<i>Wilshire REIT Index</i>	-14.64	-8.58
<b>Annualized Investment Returns</b>	<b>3 Months</b>	<b>Inception 8 Months</b>
Total Portfolio	-9.18	-8.10
Total Portfolio (net of fees)	-9.21	-8.17
<i>County of Contra Costa Benchmark**</i>	-8.26	-4.95

\*Inception Date: 02/01/201

\*\*Benchmark: 18% Russell 1000 Index, 6% Russell Midcap Index, 8% Russell 2000 Index, 8% MSCI AC World ex US Index, 10% MSCI EAFE Index, 45% Barclays Aggregate Index, 4% DJ Wilshire REIT Index, 1% Citigroup 3 Month T-Bill Index.

Returns are gross-of-fees unless otherwise noted. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured, have no bank guarantee, and may lose value.

# PARS/COUNTY OF CONTRA COSTA PRHCP

For Periods Ending September 30, 2011

LARGE CAP EQUITY FUNDS							
Fund Name	1-Month Return	3-Month Return	Year-to-Date	1-Year Return	3-Year Return	5-Year Return	10-Year Return
T. Rowe Price Equity Income (1)	-7.27	-15.34	-11.40	-1.68	-0.07	-1.79	3.67
Loomis Sayles Value (2)	-8.32	-18.33	-13.59	-3.05	-2.23	-2.28	4.30
Harbor Capital Appreciation Instl	-7.53	-13.39	-6.07	4.70	5.63	1.82	3.54
T. Rowe Price Growth Stock	-8.79	-14.48	-9.98	0.23	4.83	0.51	4.05
<b>Russell 1000 TR USD</b>	<b>-7.46</b>	<b>-14.68</b>	<b>-9.25</b>	<b>0.91</b>	<b>1.61</b>	<b>-0.91</b>	<b>3.28</b>
MID CAP EQUITY FUNDS							
HighMark Geneva Mid Cap Growth	-7.69	-15.18	-8.77	5.19	6.43	3.56	7.75
TIAA-Cref Mid-Cap Value Instl	-8.67	-19.20	-12.90	-2.24	1.94	-0.01	--
<b>Russell Mid Cap TR USD</b>	<b>-9.63</b>	<b>-18.90</b>	<b>-12.34</b>	<b>-0.88</b>	<b>3.96</b>	<b>0.56</b>	<b>7.45</b>
SMALL CAP EQUITY FUNDS							
Columbia Small Cap Value II Z	-11.94	-23.24	-17.44	-3.89	-0.37	-1.09	--
T. Rowe Price New Horizons	-8.02	-16.45	-6.45	10.33	10.30	4.60	9.07
<b>Russell 2000 Index</b>	<b>-11.21</b>	<b>-21.86</b>	<b>-17.02</b>	<b>-3.53</b>	<b>-0.37</b>	<b>-1.02</b>	<b>6.12</b>
INTERNATIONAL EQUITY FUNDS							
Dodge & Cox Intl Stock	-11.22	-21.72	-19.38	-12.96	-0.02	-2.16	8.95
HighMark Int'l Opportunities Fid	-13.13	-22.81	-18.94	-12.93	-2.38	-3.08	6.44
RS Emerging Markets Y	-16.55	-24.22	-26.65	-21.94	5.91	4.41	16.76
MFS International Growth I	-11.88	-19.61	-15.75	-7.84	3.02	0.74	7.82
<b>MSCI EAFE Index</b>	<b>-9.53</b>	<b>-19.01</b>	<b>-14.98</b>	<b>-9.36</b>	<b>-1.13</b>	<b>-3.46</b>	<b>5.03</b>
Templeton Global Opportunities A LW	-9.53	-20.31	-14.74	-9.52	-2.15	-2.07	4.65
<b>MSCI AC World NR USD</b>	<b>-9.44</b>	<b>-17.42</b>	<b>-13.56</b>	<b>-6.01</b>	<b>0.59</b>	<b>-1.59</b>	<b>4.45</b>
REIT EQUITY FUNDS							
Nuveen Real Estate Secs I	-10.71	-14.80	-5.98	1.44	0.57	-0.56	11.27
<b>Wilshire REIT Index</b>	<b>-11.20</b>	<b>-14.64</b>	<b>-5.20</b>	<b>1.87</b>	<b>-2.16</b>	<b>-3.17</b>	<b>9.07</b>
BOND FUNDS							
Pimco Total Return Inst'l	-1.73	-1.06	1.90	0.96	9.83	7.81	6.59
<b>BarCap US Aggregate Bond</b>	<b>0.73</b>	<b>3.83</b>	<b>6.65</b>	<b>5.26</b>	<b>7.97</b>	<b>6.53</b>	<b>5.66</b>
PIMCO High Yield Instl	-3.25	-6.20	-2.18	0.27	11.85	5.74	7.36
<b>Merrill Lynch US High Yield BB-B Index</b>	<b>-2.84</b>	<b>-4.36</b>	<b>0.24</b>	<b>2.66</b>	<b>12.23</b>	<b>6.42</b>	<b>7.80</b>

Source: SEI Investments, Morningstar Investments

(1) Fund was added to the Plan in March 2011

(2) Fund was added to the Plan in June 2011

Returns less than one year are not annualized. Past performance is no indication of future results. The information presented has been obtained from sources believed to be accurate and reliable. Securities are not FDIC insured, have no bank guarantee and may lose value.